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U.S. Shipping Board

The farmer and the U.S. Shipping Board

[Washington]

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The FARMER
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The UNITED STATES SHIPPING BOARD

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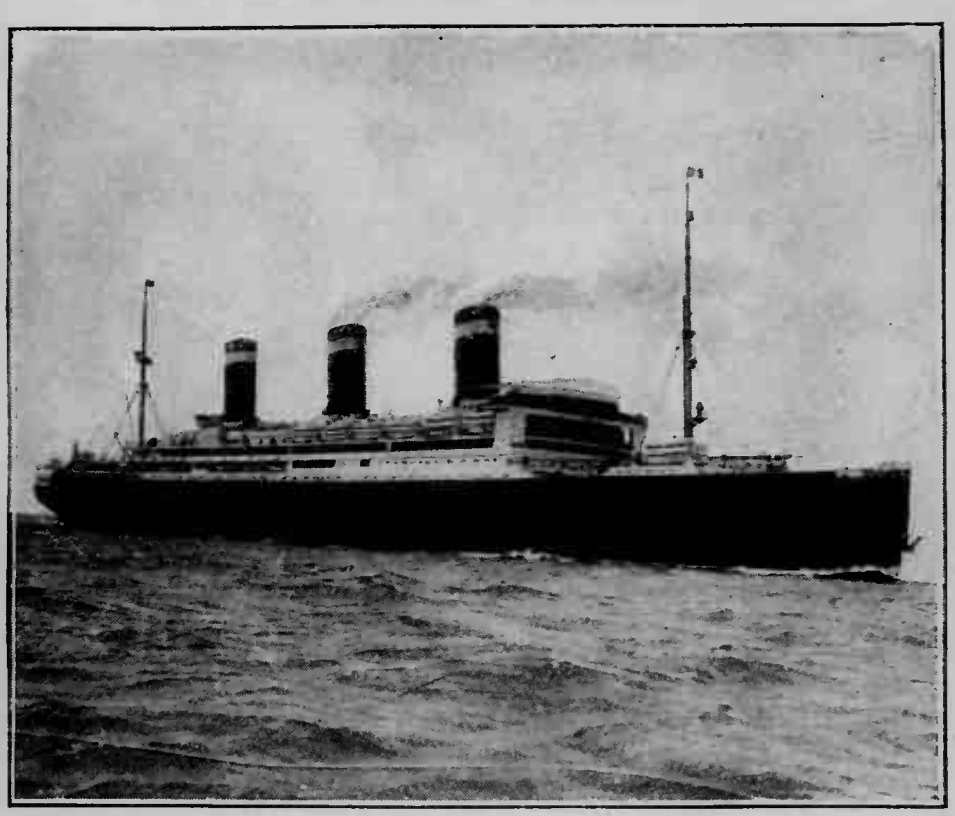

By WILLIAM S. HILL
COMMISSIONER

"He who rules the sea, rules the commerce of the world—all the treasures of the world, and indeed the world itself."

—SIR WALTER RALEIGH.

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THE FARMER AND THE UNITED STATES SHIPPING BOARD

By
William S. Hill,
Commissioner, U. S. Shipping Board

Few men who plow and reap on the farms of the United States realize how ocean shipping influences the prices received for the result of their labors. It is largely the foreign demand that makes the price in the world's markets. For the past two years the United States wheat surplus available for export has been, each year, over 250,000,000 bushels. The indications are that this year will see a still greater surplus. Upon the satisfactory disposal of this surplus largely rests the amount of money the farmer receives for his crop. Here is where the farmer becomes vitally interested in the activities of ocean transportation and an American merchant marine.

More than one-sixth of the total products raised on American farms is sold in foreign markets, and practically one-half of all the wheat which reaches the market goes to foreign customers. Whether this enormous shipment of farm produce is handled by American ships, friendly and ready to aid, is of great importance to the raisers of produce, and the maintenance of reasonable freight rates is equally important. The total ocean freight bill of this

country approximates $600,000,000, and a large portion of this is levied on the farmer.

The United States Shipping Board, through operating companies, now maintains ocean freight services to many important foreign markets. The influence of this fleet of American-owned vessels on ocean freight rates is easily recognized by a glance at the trend of rates during the period from before the war to the present time. Omitting the rates during the actual period of the war, when all conditions were abnormal, the rates in 1919 and 1920 were five times those of 1913. The effective activity of the United States Shipping Board fleet began in 1920, and its influence on rates is amply demonstrated by the fact that rates were brought down until in 1925 they were at approximately the same level as in 1913. Just think of it—shipping rates down to pre-war level! This is the only thing, so far as I know, in which such a condition has been reached in respect to any matter which concerns the finances of our farmers.

The ships that carry the trade control it. The nation that owns the ships is the master of the markets its trade seeks. The nation that is compelled to use the ships of a competing nation subjects itself to the dictates of that nation.

During the war times American agriculture was greatly expanded; our production grew at an enormous rate. This increased production is largely continuing and will continue. To insure agricultural prosperity new and larger foreign markets must be found for the products of American farms.

That these markets do exist is shown by the fact that foreign customers in 1925 purchased upward of $2,000,000,000 of American farm products. These foreign

markets can be held and expanded only if America controls ocean-going freighters capable of rendering satisfactory service at reasonable rates, and providing this ocean freight service is capable of expansion to care for the peak loads which come with the harvest time.

The demands of agriculture are seasonal. Our railroads are prepared to meet this demand. However, if the movement of crops is to be as efficient and expeditious as it should be, the ocean ports these railroads feed must have an increased number of ships at certain times of the year. This service the United States Shipping Board is prepared to render.

This making possible an orderly movement of our agricultural products onto the highways of the sea means a lessening of the fluctuation in prices and the maintaining of prices at a higher level. And it is only an American merchant marine that can be depended upon to render this service whenever and wherever congestion in ports may occur.

Foreign ships might give us this service when required, and they might not. We mid-west people must learn to think of the control of the highways of the sea as being just as essential to our prosperity as are our railroads.

No one would be aroused more quickly than we would be if England, or France, or Germany, or even Canada got possession of our railroads.

Then let us think of our steamship routes as continuation of these same railroads, just as necessary to our economic welfare, and let us be just as zealous to develop them into a strong American merchant marine, worthy of the greatest exporting country in the world.

There has been an enormous increase in the shipment to foreign customers since the United States Shipping Board began its service, and new markets have been and are being opened up, and now the agricultural exports amount to over 56 per cent of the total value of the exports leaving the United States. The farmers of the Nation therefore have a vital interest in American owned and controlled ocean freight ships, especially as a large proportion of the tonnage of agricultural products to be shipped to foreign markets originates in the interior of the country, where the combined rail and ocean freight rates are maximum.

Apparently an aggressive campaign is now being waged in this country by foreign interests to "drive America from the sea." The foreign shipping interests want to see American shippers dependent upon them for sending our surplus abroad, as they were prior to the World War, when American shipping carried less than 9 per cent of our foreign trade. This foreign sentiment is plainly evident in what a prominent English shipping man had to say in Fairplay, an English marine journal, under date of July 14, 1927:

> The impression prevails among shipping men in France, Germany, and Italy that American-flag competition in the trans-Atlantic trade will not last much longer because the ships will soon wear out and there does not seem to be any prospect of new ones being built to take their places.

The time has come for the farmer, who is vitally interested in American owned, controlled, and operated freight-carrying ocean lines to handle his surplus, to speak out and make his wishes known. Foreign influence should not be allowed to place the American farmer at the mercy of a foreign marine service. Every farmer and his organizations should give immediate and special attention to what the United States policy should be regarding the hauling of farm produce surpluses to foreign markets and the efforts to be made to open new and larger foreign markets, which can be accomplished only through an adequate American merchant marine.

UNCLE SAM'S MERCHANT MARINE HELPS AMERICA'S FARMERS

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[Extract from an article appearing in the Indiana Farmers' Guide, April 3, 1926]

In the fall of 1924, the United States found itself with an enormous wheat surplus of about 250,000,000 bushels available for export. Upon the disposition of this surplus depended whether the price of wheat would go up or down. * * * Then came an unexpected demand from foreign markets for this wheat if it could be shipped immediately. There were no ships available. But a good angel came along, supplied the boats, carried the wheat to Europe, and the market soared, bringing some show of prosperity to the farmers. This angel was the United States Shipping Board.

THE SHIPPING BOARD RENDERED VALUABLE SERVICE

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[Extract from letter issued by the Middle West Foreign Trade Committee]

In the fall of 1926, during the British coal strike, again foreign ships deserted our trade because of this national crisis in Great Britain. What the American merchant marine saved to the agricultural interests of the United States and what it meant in stabilizing the prices of agricultural products in dollars is difficult even to conjecture, but it is safe to say it accomplished those two things.

The movement of seasonal cargo maintained an export market for American producers, preventing fall in market price and loss in revenue that would otherwise have resulted.

During the period from 1921 to 1926 the principal maritime nations built for transoceanic service vessels of 2,000 gross tons and over, totaling approximately as follows:

Country	Number of vessels	Gross tons
Great Britain	600	3,500,000
Germany	172	950,000
Italy	63	506,000
France	72	450,000
Japan	52	250,000
UNITED STATES	14	137,000
Total	973	5,793,000

From the above table it is evident that the United States is not keeping apace with the principal maritime nations in shipbuilding activities.

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